

# Under Corbyn: workers control under social democracy?

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## **Corbyn's Labour Party is advancing a transformative project that could push beyond traditional social democracy — and toward democratic workers' control.**

Last year's British Labour Party manifesto has received substantial attention from those — [including myself](#) — who see it as a comprehensive program for rolling back the tide of [neoliberalism](#) and revitalizing the labor movement, public services, and industrial strategy. But it also contains the seeds of a deeper critique that — if Labour wins and Jeremy Corbyn's movement withstands attacks from [hostile forces](#) — could lead to a significant expansion of democratic control in work and production.

Labour not only promises to bring rail, mail, water, and energy into public ownership but commits itself to [putting](#) “democratically owned public services irreversibly in the hands of workers, and those who rely on their work.” A Labour government, Shadow Chancellor John McDonnell has vowed, isn't “going to take back control of these industries in order to put them in the hands of a remote bureaucracy, but to put them in the hands of all of you — so that they can never again be taken away.” The party also pledges to double the size of the cooperative sector and to make workers the buyer of first refusal when their company is being sold, a proposal known as the “right to own.”

While the idea of pairing public ownership with worker control has deep historical roots, no Labour government — not even in the pre-neoliberal days — has ever implemented it. As socialists prepare for the possibility of a Labour government, it is worth reviewing the history of these movements, their great promise, and their lessons for the future.

### **Public Ownership Under Social Democracy**

The call for workers' control surfaced and resurfaced in Britain throughout the twentieth century. The demand — which drew on the country's traditions of industrial unionism, syndicalism, and [guild socialism](#) — [first gained prominence](#) in the 1910s, among movements of engineers, miners, and railroad workers.

Three decades later, in 1948, the Amalgamated Engineering Union (AEU) proposed a motion at the Labour Party conference seeking to “convert nationalisation into socialization.” Their plan was opposed by a powerful Labour foe: minister Herbert Morrison, who instead created a top-down, bureaucratic administration in the nationalized industries. Labour's nationalization program conceded little to the Left — whether to Labour member of parliament Nye Bevan's demand for greater control by elected representatives, or the AEU's call for more control by workers. The managers and directors of new public companies were often the same as those in the old private companies (sometimes with a few generals added for good measure).

The demand for workers' control languished until the 1960s, when advocates — following a series of conferences of shop stewards and activists — established the [Institute for Workers' Control](#) (IWC). The IWC identified itself with the social movements of the day — May '68 in France, the peace movement in the United States, the Prague Spring in Czechoslovakia — and upheld the autonomy of labor's rank and file. It [found support](#) in the Labour Party, if not the Labour government.

Meanwhile, the shop stewards' movement was busy building up its organizational capacity in major strategic firms. One of these was Lucas Aerospace, a profitable company heavily involved in arms production that was undergoing a process of "rationalization" through closures and lay-offs. Shop stewards [worked to unite representatives](#) from staff and shopfloor unions into a "combine committee" that would cover the whole country. By 1973, despite objections from national union leaders, they had succeeded — every Lucas job site was sending shop stewards to comprise the committee.

The following February, the workers' control movement received another healthy jolt, when a Labour government led by Harold Wilson took power. The party's [manifesto](#) promised sweeping expansions of public ownership: nationalization of shipbuilding; ship repairing; marine engineering; ports; large parts of the aerospace industry; sections of the pharmaceutical, road haulage, construction, and machine tools industries; North Sea oil and gas; and the land needed to build social housing. It also contained a bold pledge: Labour would "socialise existing nationalised industries," making "the management of existing nationalised industries more responsible to the workers in the industry."

Was workers' control finally coming to Britain?

### **Workers' Control and the Wilson Government**

The shop stewards' movement saw the new government as an enormous opportunity. Labour had won the election amid a wave of IWC-backed factory occupations and a miners' strike that the Tories loudly condemned. And [Tony Benn](#), the person responsible for the famous vow in that year's Labour manifesto — to effect "a fundamental shift in the balance of power and wealth in favour of working people and their families" — would be leading the department of industry.

Benn's experiences with the successful [1971 Upper Clyde Shipbuilders' occupation and "work-in"](#) had radicalized his thinking about economic and industrial democracy, and he was more open than any other senior minister to proposals originating from trade union radicals. Workers obliged, flooding into Benn's office bearing proposals with titles like "Workers' Control with Management Participation."

The Lucas combine committee developed the most ambitious and advanced proposal. The combine secured a meeting with Benn to request inclusion in the plans for nationalizing the aerospace industry. Unable to accept nationalization due to Wilson's opposition, Benn instead suggested the workers draw up an "alternative corporate plan" for the use of Lucas's capital.

What followed was a detailed inquiry by the combine and the workers into the potential uses of Lucas Aerospace's facilities, machines, and workers — not just a blueprint for managing existing production, but a plan to turn swords into plowshares. The ideas included producing medical devices, investing in renewable energy sources like wind turbines and solar cells, and developing innovative public transport technologies. The [Lucas Plan](#), as it came to be known, would have transformed a private company selling weapons into one controlled by its workers, producing for social need.

Unfortunately, by the time workers finalized the proposal, Wilson had removed Benn from the cabinet. His successors showed much less interest in economic democracy. While the announcement of redundancies in the late 1970s revived the Lucas Plan as a potential solution to job loss, minister Gerald Kaufman accepted saving a portion of those jobs in exchange for subsidizing existing production.

Opponents recognized that the combine's ideas were farsighted. But the plan originated from workers — not managers or owners — and was thus seen as a threat to the divine right of capital to rule. Accepting the Lucas Plan would mean accepting that workers had the ingenuity to determine their own destinies. And for those in power, that was simply a bridge too far.

## **Corbyn's Potential**

Today, with more institutions of the Labour Party under left control than ever before, socialists have a chance to revive not just social democracy, but proposals that once pointed beyond it. Socialization of the railways, municipalization of utilities, democratization of the energy grid — all explicitly reject the old top-down, bureaucratic model.

Perhaps the most transformative proposal of the bunch is the “right to own.” In the past, public ownership was typically introduced in strategic or declining industries. The state would step in when a given industry was seen as important to economic or national security, or, occasionally, to the job security of workers. The “right to own,” in contrast, could give workers the ability to de-privatize companies *simply because they wanted to control them*. The proposal, as currently written, would grant employees a “right of first refusal” to buy out a company when it is being sold, dissolved, or floated on the stock exchange.

Of course, this could be implemented in a weak or strong way. But if enacted with a favorable legal regime, substantial technical and financial assistance, and a serious effort by socialists to engage the rank and file, the right to own could expand workers' control into profitable, leading sectors of the economy.

The “right to own” resembles, but could go far beyond, Italy's [Marcora Law](#). This legislation — passed in 1985 during rising unemployment and labor conflict over layoffs — gives workers financial and technical assistance in buying out firms and sites that are closing, as well as a right of first refusal. The law was suspended under EU pressure in the mid-1990s, but reintroduced in 2001 and, even in its weakened form, has helped spur a significant number of [worker buyouts](#) since the financial crisis.

Right to own expands this framework to cover firms that are being sold in ordinary circumstances — a significant move away from the tendency to consider alternative ownership models only where capitalists cannot profit. The success of the Marcora Law, while limited in scope, shows the vital role that worker-ownership conversions can play in a socialist economic strategy — especially at a time when a huge cohort of baby boomers are moving toward retirement and will be looking to liquidate their capital. Assisting worker- and community-led takeovers could prevent huge numbers of small businesses from being transferred to asset-stripping financial capital, which would cause widespread layoffs and disinvestment.

Still, we should be sober about the obstacles. Even limited proposals for workers' control can face mass opposition from capital. [Consider the 1977 case of “Black Monday”](#) at the Youngstown, Ohio steelworks. The National Center for Economic Alternatives, acting on behalf of a consortium of religious leaders, had drawn up a plan to transition a recently closed factory to worker-community ownership. The plan was credible and received initial support from the Carter administration's

Department of Housing and Urban Development, which offered loan guarantees that would allow the buyout to proceed. Four thousand jobs would have been saved, and workplace democracy would have become a reality. But after the 1978 midterms, the administration backpedaled due to business pressure, and the proposal collapsed.

Many of those involved in the Youngstown effort are still fighting for workers' control today (including my current employer, the [Democracy Collaborative](#), the successor organization to the National Center for Economic Alternatives). But the Carter administration's betrayal — much like that of Wilson's government — came at the expense of thousands of jobs and left a permanent scar on the community.

## **Strategic Considerations**

Labour has a huge task ahead. If elected, the party will be attempting to govern with a significant minority of its own ranks opposed to the party's radical program, a media hostile to its policies, an international order structured to block socialist policies, and the ever-present threat that capital [will strike](#).

The Labour left's only hope lies in mobilizing workers — creating, expanding, and unleashing the creativity of a truly democratic labor movement. Labour must maintain links not just to union leadership, but also to rank-and-file organizers. To the extent possible, the party should rid itself of Blairites and other hostile members of parliament by reinstating [mandatory re-selection](#) before entering government.

Any achievements will risk being reversed if the power structures of British society are not forever altered. This means both democratizing the Labour Party and democratizing the wider economy — eliminating the power of those whose class interests are threatened by the party's program.

One exciting new proposal — not yet adopted by the party, but contained within a New Economics Foundation [report](#) launched by Shadow Chancellor John McDonnell — proposes the creation of an "Inclusive Ownership Fund." The fund strongly resembles Rudolf Meidner's [proposal](#) in 1970s Sweden, which would have required companies to transfer a proportion of their profits into worker-controlled funds in the form of shares. If enacted in its original form, the plan would have gradually brought huge swathes of the economy under democratic control. Labour should strongly consider adopting such a proposal, but should also recall the enormous hurdles that the Swedish Social Democrats confronted. In the end, Meidner's plan was strangled by business opposition.

Labour needs policies that can tackle the power of capital, but also strategic plans to counter the inevitable blowback. The party must be prepared to end capital mobility if necessary, even though it would be incompatible with membership in the EU's Single Market (one of whose "four freedoms" is the absolute free movement of capital). The party must also be prepared to accelerate the transition to democratic ownership if capital attempts to sabotage the economy, to ensure that key sectors do not remain idle. This could involve both nationalization and strategic use of the "right to own" to transfer assets to worker ownership.

We now live in a climate where both democratic socialism and traditional social democracy will be met with the vicious, uncompromising opposition of organized capital. Labour's program envisions a gradual transition through social democracy towards democratic socialism. In the unlikely event that capital accepts that settlement, all the better — but socialists [must play to win](#).

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